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No. 88-503

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

LEGO SYSTEMS, INC. and INTERLEGO, A.G.,

Petitioners,

vs.

TYCO INDUSTRIES, INC.,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

RESPONDENT'S BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

Lego seeks review of the judgment of the District Court, unanimously affirmed without opinion by the Third Circuit, which refused to accord trademark status to the configuration of one of the toy blocks contained in Lego toy construction sets. The District Court determined upon voluminous trial evidence that the shape of the Lego block is dictated entirely by its function and, further, that there are *no* acceptable alternative configurations available to Respondent or other competitors. Lego does not allege that these findings of fact are clearly erroneous.

Each of Lego's numerous "Questions Presented for Review" erroneously assumes that the Court did not consider evidence presented with respect to the "effect on competition" which would ensue from judicial recognition of the claimed configuration trademark. Lego also incorrectly asserts that the Third Circuit is in conflict with other Circuits by purportedly restricting its functionality inquiry to the "utility" of the product's features, without any consideration of "effect on competition." Therefore, pursuant to Supreme Court Rule 34.2, Respondent Tyco Industries, Inc. amends Lego's Questions Presented as follows:

1. Do the factual determinations by the District Court that: (i) the shape of a product is entirely dictated by its function; (ii) that there are no acceptable alternative configurations available to competitors; (iii) that in any event there are an insufficient number of alternatives available to competitors; and (iv) that there is no basis in the Record for concluding that changing the shape of the competing product would alleviate any purported confusion, constitute sufficient grounds to refuse to accord trademark status to that product configuration?

2. Are there substantive conflicts among the Circuits in hamonizing the policies of promoting competition and protecting configuration trademarks

where, as here, it has been established that there are no acceptable alternative configurations available to competitors?

3. Is the grant of a Writ of Certiorari appropriate where the Petitioner does not seek to review the separate judicial determination that there was insufficient evidence of likelihood of confusion caused by the shape of the block, which is an independent prerequisite for obtaining the relief Petitioner now seeks?

RULE 28.1 STATEMENT

Respondent Tyco Industries, Inc. advises that its parents are Tyco Acquisition Corp. and Tyco Toys, Inc.; it has no subsidiaries that are not wholly owned; and its affiliates are TNI, Inc. and Nasta International, Inc.

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STATEMENT OF THE CASE

Introduction

This case involved an attempt by Lego, the predominant marketer of plastic toy blocks in the United States, to recover its former monopoly in the shape of the critical toy block used in toy building block sets. Lego claimed that, during the years of its patent monopoly, it had developed a trademark in the configuration of that block. The lower courts roundly rejected such an attempt, upon evidence that the block's configuration was entirely functional and was superior to the alternatives available to competitors for reasons of performance, appearance, durability, cost and manufacture.

Lego contends in its Petition that the lower courts erred in purportedly failing to consider effects on competition by restricting judicial inquiry to the utility of the block's features. Further, Lego urges that a new standard of "superiority" or "advancement" should be adopted which would limit free competition solely to those configurations which are clear improvements upon any other configurations available to competitors.

Lego's legal theories are untenable because their factual premises are in error. In addition, the Opinion of the District Court makes it clear that Lego cannot prevail under *any* theory, because the Opinion firmly establishes that Respondent and others have no sufficient substitute with which they could compete effectively with Lego, the giant of the industry. The Petition should therefore be denied.

Facts

The so-called "2x4" block at issue is only one among dozens of other block shapes, and hundreds of other types of pieces contained in Lego and other building sets. However, the 2x4 block is the key; it is the fundamental block from whose dimensions, matrix and physical characteristics the other blocks and pieces were developed.[1] The 2x4 block and other pieces interconnect in various ways with pieces in the same set as well as with pieces in other Lego sets. The sets are marketed and sold as a progression which gradually increases in complexity, so that as the child gets older, additional sets will be purchased and added to his or her collection, all of which can then be used together.[2] As a result, approximately 80% of all Lego sales in the United States are repeat sales to consumers who already own Lego sets.[3]

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[1] R.A. at 41-42; *see* Opinion, A.3-5. (Hereinafter, references to the Record Appendices are "R.A. __" or "R.AA. __." References to the District Court Opinion, reproduced in the Petition Appendix, are "Opinion, A. __.")

[2] R.A.41-42; *see* Opinion, A.3-5.

[3] R.AA.225-27a, 593-94, 1661 and 1666.

In 1958, when designing the round-tube-and-stud system of its present 2x4 block, Lego also considered and rejected as inferior various alternative configurations. In 1961, Lego obtained a U.S. patent on its system, as well as on several of the other, inferior systems. The patent clearly illustrates the obvious fact that every feature of the 2x4 block exists to serve its interlocking and building functions.[4]

Lego now repeatedly but erroneously asserts that the dimensions of the 2x4 block are "arbitrary" and that neither Tyco nor the District Court considered the block's shape to be "inherently superior" to other possible methods of interconnection, or "essential" to the block's design.[5] On the contrary, the Court specifically determined on the basis of the "credible evidence" that when Lego designed its 2x4 block, Lego selected the configuration at issue precisely *because* it is superior to the alternatives. Indeed, its superiority over the alternatives was found to be "obvious to the competent engineer" for reasons of function, appearance, durability, cost and/or manufacture.[6] See Point I, *infra*, at pp. 6-13. Lego's statements in the Petition are merely wishful re-assertions of its unsuccessful evidentiary presentation at trial.

In 1983, Lego enjoyed a virtual monopoly in the field.[7] Approximately 40% of all families in the United States with children under 15 years of age already owned Lego products.[8] Since 80% of these consumers were repeat buyers, they would

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[4] Opinion, A.37; Patent, R.A.1464.

[5] Petition, at 4, 5, 6, 17, 18, etc.

[6] Opinion, A.37. Moreover, even the overall dimensions of the block are not "arbitrary"; they are selected to be an appropriate size for children's hands. Most of the alternative blocks received in evidence were about the same dimensions as the Lego 2x4, even though not compatible with Lego.

[7] From 1983 to the present, Lego has still held a "commanding" lead in the sales of plastic toy blocks, far exceeding the sales of all other brands combined. Opinion, A.5. In 1984-85, the first two years of competition with Respondent Tyco, Lego's U.S. sales skyrocketed to records of $59 million and $70 million.

[8] Opinion, A.5.

naturally tend to prefer to purchase blocks which would work together with their existing collections of Lego blocks.

In 1983, Lego's only significant competitor in the United States was "Loc Blocs." The former director of the Loc Blocs product line testified that important reasons for Loc Blocs' lack of greater success were that Loc Blocs were not compatible with Lego blocks, and Loc Blocs were inferior in fit and appearance due to the different configuration and plastic employed.[9] Other brands of blocks were essentially unknown in the United States.[10]

Respondent Tyco has for over fifty years been a respected manufacturer and distributor of toys in the United States. In 1983, Tyco decided to design, manufacture and sell its own "Super Blocks" brand of blocks. Because Lego sets already dominated the market and most consumers were repeat buyers, and considering Loc Blocs' experience, Tyco determined that its Super Blocks had to be high quality and compatible with Lego sets if Tyco were to have any chance of capturing a substantial market share.[11] Subsequent market research confirmed that the most common reason for purchasing Super Blocks was indeed compatibility with Lego.[12] At trial, Lego did not dispute Tyco's right to make a block that works with Lego blocks.[13]

The Petition strongly but incorrectly asserts that Tyco adopted the configuration of the Lego 2x4 block into the Tyco Super Blocks 2x4 block solely to promote a "marketing scheme."[14] The

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[9] R.AA.96-98, 113-14, 118, 120-22.

[10] Opinion, A.44.

[11] R.AA.21-22, 1595.

[12] R.A.1849-50, AA.108-09. (Lego blandly asserts, without support, that "the evidence was to the contrary." Petition at 19, fn.13. However, the Record speaks for itself.)

[13] Opinion, A.5.

[14] *i.e.* a "scheme" of comparative advertising, no longer at issue herein, in which Tyco specifically *distinguished* between Super Blocks and Lego blocks and urged consumers to buy Super Blocks *instead of* Lego blocks; it is difficult to reconcile this "scheme" with Lego's simultaneous (and unsuccessful) trademark claim alleging deliberate source confusion.

Petition claims that Tyco could instead have made a "good competing block" from one of numerous other configurations, none of which "appear to be inherently inferior to Lego."[15] Once again, Lego is merely re-arguing trial evidence. The District Court found no scheme. Instead, it determined from the "credible evidence" that in reality Tyco had considered and rejected various alternate configurations, because the tubes and studs system used in both the Lego 2x4 and the Tyco 2x4 was the "obvious engineering choice."[16] Since Lego's patent had expired, Tyco was free to use the system.[17]

Another error in the Petition is the repeated hypothesis that the District Court considered only the "utility" of the features of the Lego block, that is, whether the features were primarily designed to accomplish the function of the block. Supposedly, the Court did not consider what the "effect on competition" would be if Lego were granted a perpetual monopoly over the design.[18] Such a claim is untenable. After 24 days of trial, and examination of 14 witnesses, over 470 exhibits, 64 Tyco sets, 86 Lego sets, 25 competitors' sets and dozens of kinds of blocks, the Court specifically found that alternative configurations of equal function, appearance, durability and cost either could not be manufactured at all, or would at least be much more difficult and expensive for competitors to use than the Lego system.[19]

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[15] Petition, at 3-6.

[16] Opinion, A.37.

[17] Lego's bold assertion (Petition, at 3-4) that the shape of its "famous" 2x4 block has "become a trademark" is impermissable bootstrapping. Since, as the District Court determined, the configuration was entirely functional, it could not be a trademark. Assertions of trademark status are also refuted by the District Court's finding that the block had acquired only "some" secondary meaning. Opinion, A.46. Whatever limited significance this may have is further diluted by the Court's determination from Lego's own research (not conducted for litigation) that consumers don't distinguish between competing toy block products on the basis of shape. Opinion, A.38.

[18] *See, e.g.*, Petition at 6, 15.

[19] Opinion, A.37.

To deprive Tyco and other competitors indefinitely from access to the "obviously" superior interconnect system would, just as obviously, hinder competition dramatically.

In sum, neither the Opinion nor the Record support the factual contentions which Lego proffers as the foundation of its legal arguments. In reality, Lego is simply seeking to re-try issues of fact which have never been challenged as clearly erroneous. The Petition should be denied on these grounds alone.

THE PETITION SHOULD BE DENIED

Far from presenting important or novel questions for review, Lego reargues its evidence, ignores settled law, and fails to demonstrate any significant conflict among the circuits.

POINT I

THE DISTRICT COURT'S DETERMINATION THAT NO SATISFACTORY ALTERNATIVES EXIST IS DISPOSITIVE.

A. *The Lego Block Is Wholly Functional.*

The District Court commenced its examination of functionality by inquiring,

> Whether [the] particular features of [the] product or service is substantially related to its value as a product or service, i.e. if the feature is part of the "function" served, or whether the primary value of a particular feature is the identification of the provider.

citing *United States Golf Ass'n v. St. Andrews Systems, Inc.*, 749 F.2d 1028, 1033 (3d Cir. 1984), as quoted in *American Greetings Corp. v. Dan-Dee Imports, Inc.*, 807 F.2d 1136, 1142 (3d Cir. 1986). Opinion, A.35. The District Court then held,

> Applying these principles to the evidence in this case, this Court concludes that the Lego block is wholly functional. The stud and tube system referred to previously not only accommodates the interlocking function as Lego claims, but it "contribute[s] to the effectiveness and performance of the blocks". This is also true of the shape of the block.

Opinion, A.35.

The Court also found that the block incorporated no arbitrary, decorative or non-utilitarian feature. The Court later noted that even Lego's principal witness, Mr. Moller, "did not deny that the Lego 2x4 block as a whole and in each of its parts is functional" within this definition, and that "rearrangement of elements is not possible" for a competitor because the present arrangement is "precisely dictated by (and controls) the block's function." Opinion A.36.

Such an initial inquiry is not inconsistent with other Circuits. *Sicilia di R. Biebow & Co. v. Cox*, 732 F.2d 417, 429 (5th Cir. 1984),[20] specifically states,

> The functionality standard that we embrace focuses on the utilitarian nature of a configuration or design. Such a feature will be functional, and not entitled to trademark or trade dress protection, if it is dictated by utilitarian characteristics or by the functions that the relevant product or trade dress is intended to serve.

In *W.T. Rogers Co. v. Keene*, 778 F.2d 334, 339 (7th Cir. 1985), the Seventh Circuit selects the shape of an airplane to illustrate something which is obviously functional, because the shape of an airplane is dictated by its purpose, even though there are

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[20] Cited in the Petition at 13 as "perhaps the most closely-reasoned of all recent functionality cases."

endless shapes for airplanes and few if any shapes are common among all or even most airplanes.[21]

In *Stormy Clime Ltd. v. ProGroup, Inc.*, 809 F.2d 971, 977 (2d Cir. 1987), the Second Circuit made the compelling observation that functionality is a matter of degree, to be considered along a spectrum or "continuum":

> *On one end [of the continuum], unique arrangements of purely functional features constitute a functional design.* On the other end, distinctive and arbitrary arrangements of predominantly ornamental features that do not hinder potential competitors from entering the same market with differently dressed versions of the product are non-functional and hence eligible for trade dress protection. *In between, the case for protection weakens the more clearly the arrangement of allegedly distinctive features serves the purpose of the product (including maintenance of low cost),* especially where the competitor copying such features has taken some significant steps to differentiate its product. (Emphasis added).

In *Stormy Clime's* terminology, the District Court found the Lego block to be at the far end of the "continuum" where "unique arrangements of purely functional features constitute a functional design." Hence the District Court's comment that the Lego block presents no rival interests to be resolved. Opinion, A.35.

Several decisions have observed that the existence of an expired utility patent (like Lego's) which discloses the "utilitarian" advantage of the design is evidence of functionality. *See, e.g., In re Morton Norwich Products, Inc.*, 671 F.2d 1332, 1340-41 (C.C.P.A. 1982) and cases cited therein; *In re Bose Corp.*, 772 F.2d 866, 872 (Federal Cir. 1985).

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[21] *W.T. Rogers Co.* is in fact cited with approval by the Third Circuit in *Standard Terry Mills, Inc. v. Shen Mfg. Co.*, 803 F.2d 778, 780-81 (3d Cir. 1986).

B. *There Are No Acceptable Alternative Configurations.*

Lego pretends that the District Court's inquiry ended with this inquiry into "utility." In reality, the Court went much farther. Having heard lengthy testimony by Lego's expert Mr. Moller, including a detailed review of his written report and inspection of the various blocks he demonstrated, the Court noted that the evidence Moller provided depended upon Moller's opinion that the alternatives he proposed "could eventually be adjusted to work as well as Lego." Opinion, A.36. The Court was unimpressed with Moller's credentials to render such opinions, especially as compared to Tyco's expert, Mr. Martin.

The Court then summarized the testimony and exhibits of Tyco's Martin, and concluded that the block configuration employed by Lego and Tyco was superior to the others. The Court said,

> Martin detailed the specific additional difficulties and costs as compared to the simple tubes and studs that would be encountered in trying to design blocks and tools, to manufacture competitively, and to produce blocks of equal function, appearance, durability and cost. In most cases, he testified credibly that the task was not possible; as to the rest, it would at the least be much more difficult and expensive than the present system. Furthermore, the credible evidence is that in 1983 Martin (and others at Tyco) did consider and reject various alternate configurations. *See, e.g.*, Tr. 3592-3316. The tubes and studs system was the obvious engineering choice. It provides a flexible spring (tube) against an inflexible stud, which is necessary to accommodate manufacturing tolerances and preserve the blocks' function. Also, unlike other designs, the circular tube is pushed inward by the studs into a cloverleaf, so that positioning errors are self-correcting in use, and the engaging surfaces are subject to minimum wear.

> Finally, simple round tubes and studs are the easiest shapes to manufacture (except for the "hollow" block which is unacceptable in function). Based upon the testimony, I find that such characteristics of round shapes are obvious to a competent engineer, and in 1983, it did not take Martin long to recognize them. Tr. 3599. Indeed, in 1958, Lego recognized the same principles in selecting the three-tube shape over other configurations. PX 64; Tr. 3248-49.

Opinion, A.37.

C. *The Court's Determination Was Not Founded Upon a Standard of Compatibility with Lego Blocks.*

Lego's Petition labors under the misapprehension that the District Court rejected Lego's proferred alternatives upon the standard of whether they would work with Lego. Petition at 17-18. Although additional evidence was presented concerning compatibility with Lego products, this was not the basis of the Court's determination. Even a cursory review of the relevant Opinion language cited above will reveal that the Court did not once mention compatibility with Lego as a factor.

Most of Martin's expert evidence, upon which the Court relied, related to the adequacy of the alternative systems in isolation, without reference to their compatibility with Lego.[22] Martin simply compared the quality, durability, manufacturability, cost and other features of the alternate systems to the system used by Lego and Tyco, that is, whether the cost, manufacturability, etc. would be better or worse. Such an analysis is the normal procedure in this type of litigation.

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[22] The alternatives discussed by Moller and Martin (*e.g.* R.A.1393-1463) included almost all the variations displayed in the "45 competitors' blocks" referred to in the Petition at 5, 6, 17-18.

In addition, the Court was itself able to examine and test numerous blocks of different configurations, observing many of the problems inherent in their designs.

D. *There Are an Insufficient Number of Acceptable Alternatives.*

Lego concedes that under *any* legal formulation, there must be a sufficiently large number of acceptable alternative configurations available to accommodate the needs of present and future competitors:

> "As Lego admits, the existence of only a few alternates is insufficient for trademark purposes, because other competitors could still be restricted from entering the marketplace."

Opinion, A.37-38.

This is but a natural concomitant of the strong public policy favoring competition, to have consumers benefit from the availability of alternate sources of similar products. *See, e.g., Keene Corp. v. Paraflex Industries, Inc.*, 653 F.2d 822, 827 (3d Cir. 1981), where the availability to competitors of twelve to fifteen alternative designs was held to be an insufficient basis for a determination of nonfunctionality. *See also In re Bose Corp., supra*, 772 F.2d at 873.

In this connection, the District Court found that Lego had failed to establish as a fact the availability of the sufficiently numerous equally acceptable alternatives necessary to support Lego's claim. Opinion, A.37-38.

The Court illustrated one dilemma created by the limited number of configurations (even assuming that some were acceptable) by pointing out that if Tyco used Lego's proposed configuration No. 9, which is similar to the configuration used by Loc Blocs, Tyco would then be subject to the very same legal claim by Loc Blocs that Lego is now pursuing in this action. Opinion, A.38.

E. *Effect on Competition May Be Determined by Alternative Configurations.*

Lego asserts that the District Court should have considered the "effect on competition" of recognizing the alleged configuration trademark. The District Court thoroughly investigated alternative configurations. Lego never suggests *how else* the Court should have determined effect on competition. Indeed, Lego offered no evidence whatsoever at trial relevant to this issue, other than submitting evidence of the other designs and blocks which the District Court concluded were not as good as the Lego design.

In any event, an investigation of the alternatives available to competitors is the usual method for evaluating effect on competition in all Circuits, including the Third. For example, in *Brandir Int'l, Inc. v. Cascade Pacific Lumber Co., supra*, the Second Circuit noted,

> But the fact that a design feature performs a function does not make it essential to the performance of that function; *it is instead the absence of alternative constructions performing the same function that renders the feature functional.* Thus, the true test of functionality is not whether the feature in question performs a function, but whether the feature "is dictated by the functions to be performed,". . . *as evidenced by available alternative constructions.*

834 F.2d at 1148 (emphasis added).

In re Morton Norwich Products, Inc., 671 F.2d 1332, 1341 (C.C.P.A. 1982) the Court stated,

> Since the effect upon competition "is really the crux of the matter," it is, of course, significant that there are other alternatives available.

In re Bose, supra, 772 F.2d at 872, in applying the principles of *Morton Norwich*, ruled that where, as here,

> If the feature asserted to give a product distinctiveness is the best, or at least one, of a few superior designs for its *de facto* purpose, *it follows that competition is hindered.* (Emphasis added.)

In re Bose contrasted the relatively few available designs for audio speaker cabinets to the almost "infinite variety" of alternative continue shapes available in *Morton Norwich*, 772 F.2d at 873.[23]

The same proposition appears in *Sicilia Di R. Biebow & Co. v. Cox*, *supra*, where the Fifth Circuit stated that the "ultimate inquiry" concerning functionality is hindering competition, and that a design is not legally functional "unless the design is only one of a limited number of equally efficient options and free competition would be unduly hindered by according that design trademark protection." 732 F.2d at 429. A finding of nonfunctionality would mean that a "wide array of choices remain available to prospective competitors." 732 F.2d at 430.

The Third Circuit is not different. *See, e.g., Ideal Toy Corp. v. Plawner Toy Mfg. Corp.*, 685 F.2d 78, 81 (3rd Cir. 1982); *Keene Corp. v. Paraflex Industries, Inc.*, *supra*, 653 F.2d at 827; *Time Mechanisms, Inc. v. Qonaar Corp.*, 442 F. Supp. 905, 913 (D.N.J. 1976).

In the instant case, the District Court determined after trial that the shape of the Lego block is wholly functional. The District Court's further, unequivocal findings that that there are *no* acceptable alternatives available to competitors and, in any event, that there are an insufficient number of acceptable alternatives, should be dispositive of this Petition. All these determinations of the District Court are findings of fact[24] and, since they are not alleged by Lego to be "clearly erroneous," they are now final.

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[23] Moreover, such a determination of functionality does not depend on any investigation into the distinctiveness of the design, that is, secondary meaning. 772 F.2d at 867.

[24] *Standard Terry Mills, Inc. v. Shen Mfg. Co.*, 803 F.2d 778, 781 (3d Cir. 1986); *CIBA-GEIGY Corp. v. Bolar Pharmaceutical Co.*, 747 F.2d 844, 850 (3d Cir. 1984), *cert. denied*, 471 U.S. 1137 (1985); *In re Morton Norwich Products, Inc.*, *supra*, 671 F.2d at 1340; Fed. R. Civ. Pro. 52(b).

Under any legal theory proferred by Lego, the absence of acceptable alternatives for Tyco and other competitors to use establishes the adverse "effect on competition" which Lego admits precludes relief.

POINT II

LEGO'S LEGAL THEORIES ARE UNTENABLE

A. *The Circuits Are Not in Substantial Conflict Over the Issues Raised by the Record Herein.*

Where, as here, the shape is dictated entirely by the product's purpose, and where there are few or no acceptable alternatives available to competitors for reasons of performance, manufacture, cost or otherwise, there is no fundamental disagreement among the Circuit Courts on the functionality issue. Indeed, the determination of functionality in such circumstances is obvious in every Circuit. Point I, *supra*.

All the Circuits recognize the competing policies of the Constitution,[25] the patent laws,[26] and free competition on one hand, and Lanham Act protection of configuration trademarks on the other.[27] In appropriate circumstances, the Circuits all balance those policies by examining the effect on competition, primarily through an investigation of what alternatives are available to competitors.

Consequently, the Lego Petition and the Record herein do not appear to present an appropriate opportunity to unify or alter public policy in this area. At best, this Court is being invited by Lego to devise some rigid balancing formula applicable to all similar cases. It is submitted that the disputes which

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[25] U.S. Const. Art. 1 §8 Cl. 8.

[26] 35 U.S.C. §§154, 173.

[27] 15 U.S.C. §1125(a); *see, e.g.*, discussion of competing policies in *Stormy Clime Ltd. v. ProGroup, Inc.*, *supra*, 809 F.2d at 978.

raise conflicts between the patent and Lanham acts are so varied, and so fact-specific to the products involved, that Lego's attempt to create a universal formula would simply inject confusion.

B. *Lego's "Advancement" Theory Is Impractical.*

Lego would afford trademark protection to all product configurations which can demonstrate secondary meaning, excepting "only when the feature copied embodies some advancement that all competitors need." Petition at 18-19.

This theory is based upon Lego's misunderstanding of the "superiority" terminology employed in some decisions. In any Circuit, a finding of functionality does not require that the design be the best of all possible designs. Rather, it requires only that the features be efficient, cost effective or otherwise desirable.[28]

As a matter of policy, it is unreasonable to impose upon potential competitors, before they ever enter the market, the burden proposed by Lego of evaluating correctly whether the product or service they wish to emulate is "superior" to all conceivable products or services of that type in Lego's sense of the word. Such an analysis is just too difficult, the risk of prosecution by the first comer is too unpredictable, and the financial penalties for a mistaken judgment are too severe. The effect of such a standard would be to discourage rather than promote fair competition.

C. *This Court Should Be Especially Cautious in Reviewing this Determination of the Lower Courts.*

The patent which Lego received on the interlocking system used in its 2x4 block enabled Lego to monopolize the system for nearly seventeen years. The patent subsumes every feature of the block.

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[28] In *In re Bose*, *supra*, the five-sided speaker was not found to be the best of all possible speaker designs, but only "a" superior design, 772 F.2d at 872-73; in *Standard Terry Mills*, *supra*, the "huckaback" weave and windowpane pattern were not found to produce the country's best towel, but just "a" superior design. 803 F.2d at 781.

The expiration of the patent suggests that this Court should be especially cautious in assessing the District Court's determination of functionality, so as not to undermine the objectives of the patent laws and permit Lego to obtain a broader, perpetual monopoly over an invention that should now be in the public domain. An excellent summary of this principle appears in *Stormy Clime Ltd. v. ProGroup, Inc.*, *supra*, 809 F.2d at 977-78. There, the Second Circuit reviewed the overriding Constitutional policies of encouraging invention and fostering competition, articulated in *Sears, Roebuck & Co., v. Stiffel Co.*, 376 U.S. 225 (1964), and stated,

> . . . the reason for refusing to protect functional elements against copying is not that they "cannot or do not indicate source to the purchasing public but that there is an overriding public policy of preventing their monopolization, of preserving the public right to copy."

citing *In re Deister Concentrator Co., Inc.*, 289 F.2d 496, 504 (C.C.P.A. 1961).

> Since trademark protection extends for an unlimited period, expansive trade dress protection for the design of products would prevent some functional products from enriching the public domain.
>
> This threat is particularly great when, as in the instant case, a first manufacturer seeks broad trade dress protection for a product on the ground that its arrangement of its predominantly functional features is distinctive.

Stormy Clime, 809 F.2d at 978.

It is submitted that Lego's Petition seeks to exacerbate that threat. Lego's theory would permit a patentee to exploit his seventeen year monopoly to develop secondary meaning in his product and, thereafter, to claim an indefinite trademark monopoly in the invention. The only exception would be the unlikely patentee whose product after seventeen years is still clearly

"superior" to all other products which perform similar functions. In practice, the fundamental purposes of the patent laws would be subverted.

POINT III

LEGO'S FAILURE TO ADDUCE SUFFICIENT EVIDENCE OF CONFUSION IS AN INDEPENDENT GROUND TO DENY THE RELIEF SOUGHT IN THE PETITION.

A substantial portion of the District Court's Opinion was devoted to analysis of the evidence of alleged secondary meaning and likelihood of confusion caused by the 2x4 block. Opinion, A.38-46. It was the conclusion of the District Court that the block had acquired some secondary meaning but that there was insufficient evidence of confusion. Opinion, A.46.

On Appeal to the Third Circuit, Lego contended that the District Court had erred in its investigation of likelihood of confusion, in spite of the fact that the correct standards had been articulated by the District Court in its discussion of *Scott Paper Co. v. Scott's Liquid Gold*. 589 F.2d 225 (3rd Cir. 1978); *see* Opinion, A.38-39. The Third Circuit affirmed without opinion the judgment of the District Court.

The confusion issue has not been raised in the Petition. Therefore, the judicial determination that the Record presented insufficient evidence of confusion is now final.

As a result, even if this Court were to issue a Writ of Certiorari and then to rule on the configuration issues in exactly the manner Lego requests, there still is no sufficient basis to reverse the District Court's refusal to enjoin Tyco from using the Lego configuration; the third prerequisite of all such infringement claims, likelihood of confusion, has been decided against Lego.

CONCLUSION

Lego's Petition for Certiorari should be denied.

Respectfully submitted,

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